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Attorneys for Complainant

BEFORE THE BOARD OF ACCOUNTANCY

DEPARTMENT OF CONSUMER AFFAIRS

STATE OF CALIFORNIA

In the Matter of the Accusation)	NO. AC-97-47
Against:)	
Michael C. Drysdale)	STIPULATED SETTLEMENT
15620 El Gato Lane)	AND DECISION OF THE BOARD
Los Gatos, CA 95032)	
Certified Public Accountant)	
Certificate No. CPA 26877)	
Respondent.)	

It is hereby stipulated by and between Michael C. Drysdale, C.P.A., (hereinafter "respondent") and the Board of Accountancy ("hereinafter "Board"), State of California, by and through its counsel, Deputy Attorney General Christiana Tiedemann, as follows:

1. That respondent has received and read the accusation presently on file and pending in case No. AC-97-47 before the Board. A copy of the accusation is attached hereto and incorporated herein as Exhibit A.

1 2. Carol Sigmann, Executive Officer of the Board, is the
2 Complainant in the accusation which was filed and prosecuted
3 solely in her official capacity.

4 3. Respondent is licensed by the Board under CPA
5 Certificate No. 26877, which is, and has been at all times herein
6 relevant, in full force and effect.

7 4. The Board acquired jurisdiction over respondent because
8 respondent is a licensee of the Board and was served with copies
9 of the accusation and all other documents required by Government
10 Code section 11503 and 11505.

11 5. Respondent is aware of his right to a hearing on the
12 charges contained in the accusation, of his right to confront and
13 cross-examine witnesses, of his right to reconsideration, to
14 appeal and to all other rights accorded to him under the
15 California Administrative Procedure Act (Government Code section
16 11500 et seq.). Respondent freely and voluntarily waives these
17 rights.

18 6. Respondent admits the truth of each and all of the
19 allegations contained in the accusation and that these matters
20 constitute cause for discipline pursuant to Business and
21 Professions Code sections 5100(c) and 5100(j).

22 7. Respondent agrees to revocation of CPA Certificate No.
23 26877 by the Board.

24 8. Respondent understands that in signing this stipulation
25 rather than contesting the accusation, he is enabling the Board
26 to issue the following order without further legal process.

27

1 9. BASED UPON THE FOREGOING, THE PARTIES STIPULATE AND
2 AGREE THAT the Board shall, without further notice or formal
3 proceeding, issue the following order:

4 ORDER

5 (a) CPA Certificate No. 26877 shall be revoked on the
6 effective date of this Decision.

7 (b) If respondent seeks reissuance of his CPA
8 certificate or issuance of a new certificate from the Board,
9 respondent shall reimburse the Board for all costs of prosecution
10 and investigation of this case (Accusation No. AC-97-47) as a
11 prerequisite to reissuance of his CPA certificate or issuance of
12 a new certificate.


13 CONTINGENCY

14 10. This stipulation shall be subject to the approval of
15 the Board. If the Board fails to adopt this stipulation as its
16 Order, the stipulation shall be of no force and effect for either
17 party, nor shall it be mentioned or referred to in any legal
18 action between the parties.

19
20 ACCEPTANCE

21 I have carefully read and fully understand the stipulation
22 set forth above. I understand the terms of the stipulation and
23 agree to be bound thereby.

24 Dated: 7-9-97


MICHAEL C. DRYSDALE
Respondent

25
26
27 ///

SUBMITTAL

The attached stipulation is hereby respectfully submitted
for the consideration of the Board.

Dated: 7.14.97

DANIEL E. LUNGREN, Attorney General

Christiana Tiedemann

CHRISTIANA TIEDEMANN

Deputy Attorney General

Attorneys for Complainant

ADOPTION

The foregoing Stipulated Settlement is adopted as the
Decision of the Board of Accountancy of the State of California.

This Decision shall become effective on August 24, 1997.

IT IS SO ORDERED this 25 day of July, 1997.

BOARD OF ACCOUNTANCY
STATE OF CALIFORNIA

By Foran J. Smith

Board President

DANIEL E. LUNGREN, Attorney General
of the State of California
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BEFORE THE BOARD OF ACCOUNTANCY

DEPARTMENT OF CONSUMER AFFAIRS

STATE OF CALIFORNIA

In the Matter of the Accusation)	NO. AC-97-47
Against:)	
)	ACCUSATION
MICHAEL C. DRYSDALE C.P.A.)	
15620 El Gato Lane)	
Los Gatos, CA 95032)	
Certificate No. CPA 26877)	
)	
Respondent.)	

COMPLAINANT CAROL SIGMANN charges and alleges:

1. She is the Executive Officer of the California Board of Accountancy (hereafter "Board") and makes and files this accusation solely in her official capacity.

LICENSE INFORMATION

2. On or about December 1, 1978, Certified Public Accountant Certificate No. 26877 was issued to respondent Michael C. Drysdale (hereafter "respondent") by the Board, under the laws of the State of California. Respondent's certificate is currently in full force and effect and has been in full force and effect at all times pertinent hereto. The certificate expires, subject to renewal, on September 1, 1997. Pursuant to Business

EXHIBIT A

1 and Professions Code section 118(b), the expiration of
2 respondent's certificate shall not deprive the Board of
3 jurisdiction to proceed with disciplinary action against the
4 certificate.

5 STATUTES AND REGULATIONS

6 3. This accusation is brought under the authority of
7 section 5100 of the Business and Professions Code which provides
8 that the Board may revoke, suspend or refuse to renew any permit
9 or certificate issued by the Board, or may censure the holder of
10 any such permit or certificate for unprofessional conduct.

11 Unprofessional conduct is defined therein to include:

12 (c) Dishonesty, fraud or gross negligence in the
13 practice of public accountancy or in the performance of the
14 bookkeeping operations described in section 5052.

15 (j) Embezzlement, theft, misappropriation of funds or
16 property, or obtaining money, property or other valuable
17 consideration by fraudulent means or false pretenses.

18 4. Section 5107 of the Business and Professions Code
19 provides that the executive officer of the Board may request the
20 administrative law judge as part of the proposed decision in a
21 disciplinary proceeding to direct any holder of a certificate
22 found guilty of unprofessional conduct in violation of
23 subdivisions (b), (c), (i) and (j) of section 5100, or involving
24 fiscal dishonesty in violation of subdivision (h) of section 5100
25 to pay to the Board all reasonable costs of investigation and
26 prosecution of the case, including, but not limited to,
27 attorneys' fees.

1 FIRST CAUSE FOR DISCIPLINARY ACTION

2 5. Grounds exist for disciplinary action against
3 respondent's certificate pursuant to Business and Professions
4 Code section 5100(c) (gross negligence in the practice of public
5 accountancy) as follows:

6 A. Between approximately January 1, 1995 and December
7 31, 1996, respondent was engaged to perform tax services for
8 three separate business clients: Printing by Rodney, Partners in
9 Education and Beckwith Pool Service. The duties of respondent's
10 engagement for each client included preparation of payroll tax
11 returns and making timely payroll tax deposits with the taxing
12 authorities. Respondent failed to prepare timely payroll tax
13 returns for each of the three clients and failed to make payroll
14 tax deposits with the taxing authorities for each of the three
15 clients resulting in the following IRS liabilities for the
16 clients as follows:

17	<u>Client</u>	<u>Deposits Not Made</u>	<u>Penalties/Interest</u>	<u>Total</u>
18	Printing	\$75,631.64	\$33,623.51	\$109,255.15
19	by Rodney			
20	Partners	16,116.73	5,850.50	21,967.23
21	in Ed.			
22	Beckwith	<u>4,242.80</u>	<u>6,381.85</u>	<u>10,624.65</u>
23		95,991.17	45,855.86	141,847.03

24 SECOND CAUSE FOR DISCIPLINARY ACTION

25 6. Grounds exist for disciplinary action against
26 respondent's certificate pursuant to Business and Professions
27 Code section 5100(c) (gross negligence in the practice of public
accountancy) as follows:

 A. Between approximately January 1, 1995 and December

1 31, 1995, respondent was engaged to perform tax services for The
2 William Lawrence Company and Lawrence Ganton dba The William
3 Lawrence Company. The duties of respondent's engagement included
4 preparation of payroll tax returns and making timely payroll tax
5 deposits with the taxing authorities. During 1995, Respondent
6 failed to prepare timely payroll tax returns and to make timely
7 deposits of payroll taxes for The William Lawrence Company and
8 Lawrence Ganton dba The William Lawrence Company. Respondent's
9 conduct resulted in imposition of \$5,933.33 in penalties and
10 interest on the companies for failure to make timely payroll tax
11 deposits.

12 THIRD CAUSE FOR DISCIPLINARY ACTION

13 7. Grounds exist for disciplinary action against
14 respondent's certificate pursuant to Business and Professions
15 Code section 5100(j) (embezzlement, theft, misappropriation of
16 funds or property or obtaining money, property or other valuable
17 consideration by fraudulent means or false pretenses) as follows:

18 A. Between approximately January 1, 1995 and December
19 31, 1996, respondent was engaged to perform tax services for
20 three separate business clients: Printing by Rodney, Partners in
21 Education and Beckwith Pool Service. The duties of respondent's
22 engagement for each client included preparation of payroll tax
23 returns and making timely payroll tax deposits with the taxing
24 authorities using money entrusted to him by the clients.
25 Respondent failed to make payroll tax deposits with the taxing
26 authorities for each of the three clients and has failed to
27 account for payroll tax money entrusted to him as follows:

Client	Tax \$ Entrusted	IRS Deposit	Unaccounted Funds
Printing by Rodney	\$148,272.99	\$72,641.35	\$75,631.64
Partners in Ed.	34,557.88	18,441.15	16,116.73
Beckwith	<u>21,392.51</u> 204,223.38	<u>17,149.71</u> 108,232.21	<u>4,242.80</u> 95,991.17

PRAYER

6. WHEREFORE, complainant requests that a hearing be held on the matters herein alleged, and that following the hearing, a decision be issued:

1. Revoking or suspending Certificate No. CPA 26877 issued to respondent; and
2. Awarding the Board costs and attorneys' fees as provided by Business and Professions Code section 5107; and
3. Taking such other and further action as the Board deems proper.

DATED: June 17, 1997

Carol Sigmann
CAROL SIGMANN, Executive Officer
Board of Accountancy
Complainant

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